

UNDP/GEF project  
“Greening 2014 Sochi Olympics: A Strategy and Action Plan for the Greening Legacy”

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**Strategic paper on carbon offsetting options**

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## **Preamble**

One has to have in mind that the carbon offsetting legacy policy of the **Sochi 2014 Organizing Committee** does not respond to any mandatory Russian, regional or worldwide norm or regulation. It was a unilateral and voluntary decision of the **Sochi 2014 Organizing Committee** to move towards offsetting in the framework of its carbon strategy and with the formal commitment of the Russian Federation expressed formally in its Bid Book.

As a definition, voluntary carbon compensation is the practice of offsetting unavoidable emissions through carbon-saving or carbon sequestering projects in order to balance out emissions of an organization. It is part of policy of the Corporate Social Responsibility of any Organization or Event – the Sochi 2014 Winter Games Olympics- and it's done on a voluntary basis. It is a unique, strong and sensible signal from the organization towards the world community.

In the framework of the carbon offset programme for Sochi 2014 Olympics, we are examining in this strategic paper the possible actions in terms of (1) carbon emissions reductions, (2) green investments schemes and (3), for the remainder carbon offsets, the various steps on engaging sponsors, partners and individual travelers and spectators to finance it.

Several steps have to be prior to this screening of various carbon offsetting possibilities.

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## List of acronyms

**Assigned amount unit (AAU):** A Kyoto Protocol unit equal to 1 metric ton of CO<sub>2</sub> equivalent. Each Annex I Party issues AAUs up to the level of its assigned amount, established pursuant to Article 3, paragraphs 7 and 8, of the Kyoto Protocol. Assigned amount units may be exchanged through emissions trading.

**Afforestation:** Planting of new forests on lands that historically have not contained forests.

**Annex I Parties:** The industrialized countries listed in Annex I to the Convention, which committed to returning their greenhouse-gas emissions to 1990 levels by the year 2000 as per Article 4.2 (a) and (b). They have also accepted emissions targets for the period 2008-12 as per Article 3 and Annex B of the Kyoto Protocol. They include the 24 original OECD members, the European Union, and 14 countries with economies in transition. (Croatia, Liechtenstein, Monaco, and Slovenia joined Annex 1 at COP-3, and the Czech Republic and Slovakia replaced Czechoslovakia.)

**Annex II Parties:** The countries listed in Annex II to the Convention which have a special obligation to provide financial resources and facilitate technology transfer to developing countries. Annex II Parties include the 24 original OECD members plus the European Union.

**Carbon market:** A popular (but misleading) term for a trading system through which countries may buy or sell units of greenhouse-gas emissions in an effort to meet their national limits on emissions, either under the Kyoto Protocol or under other agreements, such as that among member states of the European Union. The term comes from the fact that carbon dioxide is the predominant greenhouse gas, and other gases are measured in units called "carbon-dioxide equivalents."

**CER:** Certified Emission Reductions. A Kyoto Protocol unit equal to 1 metric ton of CO<sub>2</sub> equivalent.

**CDM:** Clean Development Mechanism. A mechanism under the Kyoto Protocol through which developed countries may finance greenhouse-gas emission reduction or removal projects in developing countries, and receive credits for doing so which they may apply towards meeting mandatory limits on their own emissions.

**CO<sub>2</sub>e:** Carbon dioxide equivalents

**Compliance:** Fulfillment by countries/businesses/individuals of emission reduction and reporting commitments under the UNFCCC and the Kyoto Protocol.

**Emissions trading:** One of the three Kyoto mechanisms, by which an Annex I Party may transfer Kyoto Protocol units to, or acquire units from, another Annex I Party. An Annex I Party must meet specific eligibility requirements to participate in emissions trading.

**ERU:** Emission Reduction Unit (ERU) equates to an emission reduction of one ton of CO<sub>2</sub> equivalent. ERUs are generated by Joint Implementation projects.

**GHG:** Greenhouse gases. The atmospheric gases responsible for causing global warming and climate change. The major GHGs are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). Less prevalent --but very powerful -- greenhouse gases are hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>).

**"Hot air":** Refers to the concern that some governments will be able to meet their targets for greenhouse-gas emissions under the Kyoto Protocol with minimal effort and could then flood the market with emissions credits, reducing the incentive for other countries to cut their own domestic emissions.

**IPPC:** Intergovernmental Panel on Climate Change. Established in 1988 by the World Meteorological Organization and the UN Environment Programme, the IPCC surveys world-wide scientific and technical literature and publishes assessment reports that are widely recognized as the most credible

existing sources of information on climate change. The IPCC also works on methodologies and responds to specific requests from the Convention's subsidiary bodies.

**Kyoto Protocol:** An international agreement standing on its own, and requiring separate ratification by governments, but linked to the UNFCCC. The Kyoto Protocol, among other things, sets binding targets for the reduction of greenhouse-gas emissions by industrialized countries.

**Kyoto mechanisms:** Three procedures established under the Kyoto Protocol to increase the flexibility and reduce the costs of making greenhouse-gas emissions cuts. They are the Clean Development Mechanism, Emissions Trading and Joint Implementation.

**LDC:** Least Developed Countries. The world's poorest countries. The criteria currently used by the Economic and Social Council (ECOSOC) for designation as an LDC includes low income, human resource weakness and economic vulnerability. Currently 48 countries have been designated by the UN General Assembly as LDCs.

**Non-Annex I Parties:** Refers to parties that have ratified or acceded to the United Nations Framework Convention on Climate Change that are not included in Annex I of the Convention.

**Party:** A state (or regional economic integration organization such as the European Union) that agrees to be bound by a treaty and for which the treaty has entered into force.

**REDD:** Reducing Emissions from Deforestation and Forest Degradation in developing countries.

**Reforestation:** Replanting of forests on lands that have previously contained forests but that have been converted to some other use.

**Registries:** Electronic databases that tracks and records all transactions under the Kyoto Protocol's greenhouse-gas emissions trading system (the "carbon market") and under mechanisms such as the Clean Development Mechanism and Joint Implementation ("National Registries" for the compliance market). "Registries" may also refer to databases under the voluntary carbon market (Markit, CDC-Climat and NyseBlue).

**SOOC:** Sochi 2014 Olympic Organizing Committee

**Technology transfer:** A broad set of processes covering the flows of know-how, experience and equipment for mitigating and adapting to climate change among different stakeholders

**UN:** United Nations.

**UNCCD:** United Nations Convention to Combat Desertification.

**UNCED:** United Nations Conference on Environment and Development.

**UNCTAD:** United Nations Conference on Trade and Development.

**UNDP:** United Nations Development Programme.

**UNEP:** United Nations Environment Programme.

**UNFCCC:** United Nations Framework Convention on Climate Change.

## **1- Prior steps**

Firstly, the **Sochi 2014 Organizing Committee** with the technical support of consultants on the field has to determine the global carbon footprint of the Sochi 2014 Winter Olympics.

Secondly, the **Sochi 2014 Organizing Committee** with the advisory support of consultants has to strategically determine the exact scope of its carbon footprint responsibility or legacy to be taken into consideration: is it for instance just limited to the carbon footprint of athletes and spectators traveling to the Games or does it include also the large transport and construction activities related to the infrastructure of the Games? From this very crucial decision, the carbon footprint could vary from a few hundred thousand Tons of CO<sub>2</sub>e to several millions Tons of CO<sub>2</sub>e decoupling the associated costs for offsetting and say, decoupling the time to find solutions to finance it as it is clearly understood that the **Sochi 2014 Organizing Committee** does not have the financial budget to pay for the carbon offsetting in general.

Thus, from the determination of the exact scope of its footprint responsibility (through the preparation of the Screening Assessment for Sochi 2014 Olympic Games under the GEF/UNDP project), the **Sochi 2014 Organizing Committee** will run for carbon neutral Games towards the footprint reflecting its scope of responsibility.

In the case of the London 2012 Summer Olympics, it is interesting to note that though the London Olympic Committee defined a very large scope for the carbon footprint notably encompassing transport and construction amounting to 3.4 Millions Tons of CO<sub>2</sub>e (according the Olympic Delivery Authority), but at the same time it did not promise in its Bid Book to run for neutral Games. The London Committee had just decided that its carbon sponsor (British Petroleum Target Neutral) will only offset the footprint of the travel to the Games of the athletes –totally- and the one of the individual spectators –partially through a voluntary online registering from the spectators- (amounting then to a few hundred thousand Tons of CO<sub>2</sub>e, roughly 5 to 7% of the 3.4 Million Ton of CO<sub>2</sub>e announced global footprint).

*From these prior steps, one can come to the announced carbon footprint to offset through various options.*

## **2- Envisaged Actions to reduce the announced carbon footprint through carbon emissions reductions**

Carbon emissions reductions would be the most natural in terms of legacy and the less costly option to decrease the carbon footprint of the Sochi 2014 Winter Olympic Games.

### **Carbon emissions reductions**

Through the measurement of carbon emissions reductions, the carbon footprint of the Sochi 2014 Winter Olympics could be significantly reduced through its own set of innovation and practices. In London, it led to an approximate decrease of 20% of the CO<sub>2</sub>e emissions. This reduction will consist of effectively measuring the impact of the carbon emissions reduction strategy versus a “business as usual” scenario - baseline reference carbon footprint - where no carbon reductions endeavors would have been made or implemented. The amount of reduction emissions would derive from the definition and calculation of a “business as usual” footprint against which reductions will be quantitatively accounted (green buildings, low emission transport modes, integrated IT solutions, low cooling and heating, etc.).

Integrating the carbon emissions reductions will lead to the net carbon emissions under the scope of responsibility of the Sochi 2014 Olympic Committee for which carbon offsetting will be have to be implemented.

### **3- Envisaged Actions to offset through Green Investment Schemes (“domestic actions”)**

#### **Assigned Amount Units and Green Investment Schemes**

Green Investment Schemes (GIS) refer to a plan for achieving environmental benefits from trading ‘hot air’ under the Kyoto Protocol. The Green Investment Scheme (GIS) is designed to achieve greater flexibility in reaching the targets of the Kyoto Protocol while preserving environmental integrity of IET. Under the GIS a Party to the Protocol (Russian Federation in the present case) expecting that the development of its economy will not exhaust its Kyoto quota, has the right to sell the excess of its Kyoto quota units (AAUs) to another Party. The proceeds from the AAUs sales should be then “greened”, i.e. channeled to the development and implementation of the projects either acquiring the greenhouse gases emission reductions (“hard greening”) or building up the necessary framework for this process (“soft greening”). AAUs could be a good option as the Russian Federation is structurally in excess of quotas and Russian Authorities could practically sell those AAUs and give the generated cash to the **Sochi 2014 Organizing Committee** to use it for GIS. This possibility has to be of course validated by Russian Authorities (MED, Sber Bank, etc.) as 1) the proceeds of the sales of AAUs could be allocated differently by the Russian Authorities and 2) these days the carbon market is very low and Russian Authorities could be tempted to wait for some more time for selling their AAUs. The GIS is a good option but is definitely implying strategic negotiations between the **Sochi 2014 Organizing Committee** and the Russian Authorities. Finally, let’s add that so far, on the demand side, it is coming mainly from Japanese operators and on the supply side, the Russian Federation has not been active so far, on the contrary of Ukraine whose carried operations have been questioned to some extent. It means that in the positive case that the Russian Federation decides 1) to sell AAUs, 2) be able to find buyers –only Japanese operators are seriously active at the moment though their trading corporations such as Mitsui or Mitsubishi- and 3) decide to allocate the proceeds for greening the Sochi region, projects’ implementation will be heavily scrutinized by the local and international civil society, so most probably, the **Sochi 2014 Organizing Committee** will have to control and monitor it representing some additional complex workload. In case, such option is envisaged by the **Sochi 2014 Organizing Committee** and endorsed by the Russian Authorities, it could represent though a very large potential in terms of carbon offsetting tonnage.

Integrating the GIS internal offsetting will lead to the net carbon emissions under the scope of responsibility of the **Sochi 2014 Olympic Committee** for which external carbon offsetting will be have to be implemented. The measured quantitative outcome of the carbon reduction emissions and GIS (the sooner, the better), will lead to the remaining carbon footprint to offset through external actions for which one should look at engaging sponsors/partners and spectators to finance it. In paragraph 5, we will examine projects generating carbon credits coming from both Joint Implementation (JI) projects taking place in the territory of the Russian Federation and from VERs coming from developing countries.

### **4- Envisaged Actions to engage sponsors/partners and spectators to finance the remaining carbon footprint (“external actions”)**

#### **4.1. Official partners**

Official partners are an interesting playground as they are already there and business contacts & mutual trust are in place for some time. They have already made or will make soon either financial and/or in kind pledges to the Games. They could then decide to offset **a)** their specific in kind input for instance like Coca Cola or others did in past Games which reduce the global amount of CO<sub>2</sub> to offset and/or **b)** they could also become sponsor for a specific carbon compensation lot. In case of **b)** (they might be interested to contribute to the carbon compensation of the Sochi 2014 Games); this new action should not be confusing with their current partnership programme. Confusion should be avoided and brainstorming with **Sochi 2014 Organizing Committee** account managers should be prior to contacting those potential partners about b). Only if it makes sense strategically and legally, specific arrangements could be made to integrate to their existent partnership scheme a further carbon sponsoring scheme. It will imply a case-by-case analysis of each specific situation of current partnership.

#### **4.2. Large Russian companies / Russian regions and municipalities**

Large Russian companies (Russian multinationals) are trying to be highly visible by all means and this green carbon compensation could be appealing to them. However, there might be a need to educate them about the principles of carbon compensation and the positive fall outs about it not only towards Russian citizens but towards Western or other citizens who have the belief that Russia is not in general very cautious about environmental issues. It could be suggested here to have direct meetings with their CSR (Corporate Social Responsibility managers) and check their interest during those meetings. Apart from large companies, one could also consider some municipalities and regions willing to show their concern about environmental issues. It could represent a strong signal towards foreign tourists and for the future organization of large events (Saint Petersburg or Moscow could be cities to target as well as Kazan which will host soon the future Youth Games, Sochi city and Krasnodar region may also wish to contribute themselves to the carbon compensation programme). Those potential sponsors will need to be identified and contacted.

#### **4.3. Large international firms being very present in Russia**

Those companies have usually gone through the realization (or at least the survey) of the carbon compensation process of their own activities and at the same time are willing to show some strong signals to Russian stakeholders that they take care of environmental concerns in Russia where they are making business. This could be good for their brand image towards Russian stakeholders. Many US, European, Turkish, etc. companies are having a large volume of activity and profit in Russia and those may be identified and contacted in priority.

#### **4.4. Large international firms with worldwide exposure and sensitive to sustainable development**

There is a series of companies located mainly in Europe, in the US, Australia, but also in Latin America and North Asia which are real promoters of carbon compensation and have achieved it for their own carbon footprint. To compensate one lot of the Sochi 2014 Olympics could be in line with their current carbon offset strategy and it could really make sense to them to display their long term carbon policy worldwide through such a sponsoring scheme in a worldwide very visible event. Those companies would need to be identified as well.

#### **4.5. Individual travelers and spectators**

Individual travelers and spectators could, at their limited scale and through voluntary pledges, participate optionally to carbon compensation through the following different schemes: i) Transport (air, train, coach and car), ii) Hotel stays and iii) Sports tickets sales

**\* i) Transport: Sochi 2014 Organizing Committee** could tie up an agreement with an airline (for instance with the partner Aeroflot?), so as for any booking online, there would be at the end of reservation process a “pop up” calculating the carbon footprint of the passenger’s travel and proposing him to compensate it through the purchase of carbon credits. As an example, a return Y class ticket Paris Sochi (via Moscow) would be representing roughly 1.2 Te CO<sub>2</sub> and therefore (for carbon credits costing say 10 Euros per T), it will increase the cost of the air ticket by 12 Euros. The placement of such a “pop up” (it is an exchange of some XML IT programming lines) on the online booking website of the airline is highly feasible and could be proposed to the airline company easily. If it is optional, expected rate of success will vary between 5 to 10% (what is noted for airlines having proposed it such as Easy Jet for instance). We believe it should be optional for passengers as Aeroflot may not accept to integrate it in its price and being then distorted vis-à-vis its competitors. But Aeroflot could also decide to finance the carbon compensation and in exchange become a sponsor (in addition of being a partner). If Aeroflot decides to pay unilaterally for carbon compensation of its passengers flying to Sochi, then it’ll cost money to Aeroflot but at least not distort their prices for tickets vis-à-vis their competitors. The system could be sophisticated to an extent that an automatic certificate of carbon offsetting should be sent by email to each traveler that would have paid for offsetting so that to increase the public awareness and appropriation of the carbon offsetting by the general public.

Transport compensation could be leveraged also at a limited scale for train transport by again having an agreement between the **Sochi 2014 Organizing Committee** and Russian Railways authorities



with the necessity then to know the emissions factors (carbon footprint) for Russian trains (how much issued CO<sub>2</sub>e per passenger per kilometer?). This could concern both the specialized local railway route connecting the Olympic Park, the airport and the venues in Krasnaya Polana with up to 64,000 people a day being carried each way by the projected railway line. It could concern also the envisaged high speed route reaching Sochi/Adler. The same model could also be applied for coach transportation services getting to Sochi/Adler from various Russian cities and car passengers entering the border of the Sochi/ Adler region.

The scheme below shows an example of a carbon offsetting “pop-up” on an online booking website with a travel Paris-Moscow (one way trip). The same could apply for train, coach and car travel.

Flight options	
Paris (CDG) > Moscow (DME)	234,15€
Details: 0 stop-over, 0,56 tons of CO <sub>2</sub> emissions	
Paris (CDG) > Moscow (DME)	261,42€
Details: 1 stop-over, 0,59 tons of CO <sub>2</sub> emissions	
Paris (CDG) > Moscow (DME)	294,31€
Details: 1 stop-over, 0,61 tons of CO <sub>2</sub> emissions	

Extra options	
Do you want to purchase travel insurance?	0,00€
<input type="radio"/> Yes <input checked="" type="radio"/> No	
Do you want to compensate your travel?	5,60€
<input checked="" type="radio"/> Yes <input type="radio"/> No	
Your seat on this flight results in 0,56 tons of CO <sub>2</sub> emissions Offsetting is handled by Vecteur Carbone. <a href="#">More information</a>	
Total	
Total cost of travel	239,75€

\* **ii) Hotels stays:** It is possible to add up (at the time of the check out) an optional pledge for the carbon footprint of the hotel stay. In Western Europe, on average, 10 days in a 4\* or 5\* hotel will represent 0,1Te CO<sub>2</sub> (for carbon credits costing 5 Euros per T) and will increase the cost of the hotel stay by 1 Euro (0.1 T X 5 Euros). It could be therefore discussed with the national or local tourist authorities of Sochi if it could be made optionally for each traveler at the time of the check out of its hotel. But even if optional, success rate could be as high as 40% because at the time of the check-out of the hotel, tourists feel guilty not to give a small donation/pledge when asked for it by the cashier. (Most of the big hotel chains such as Hilton Honors, Starwood preferred guest, etc. have already for a long time created various donation schemes at the time of check out with relatively high conversion rate).

\* **iii) Sport tickets sales:** Part of the carbon compensation cost could be integrated in the sport tickets sales and proposed optionally to the spectators. As to the full integration as an optional pledge in the sports tickets, there should be some agreement between the **Sochi 2014 Organizing Committee** and the Tickets Sales Authority with the endorsement of the International Olympic Committee as there might be some strict standards on the fixing policy of the prices of tickets and such extra costs could be for instance refused by IOC? An option to enhance the spectators to buy green sports tickets (by adding a voluntary pledge to the initial cost of the sport ticket) is that they could be rewarded through a lottery scheme. The lucky winners could be for instance invited to some gala events during the Sochi 2014 Winter Games and/or meet some famous sports athletes.

**Remark 1:** Regarding the possible VAT on the carbon credits, Russian Authorities may or may not exempt carbon credits from VAT. Even in the case of no VAT exemption, this will not be a major issue. For instance, for air transport online booking, the carbon credits could be proposed to spectators inclusive of VAT and Aeroflot will reverse at the end of each month the collected VAT to Russian Authorities. It could be automated very simply and integrated into the accounting system of the airline company.

**Remark 2:** As it is a voluntary pledge, the effective emissions directly related to such or such activity could be distorted to reflect better the economics of such individual compensation schemes. For instance, effective emissions of a traveler by train or coach would be by definition extremely small and be then pointless in terms of carbon compensation scheme to implement. In that case, the pledge per coach traveler could be distorted upwards to reflect some economic common sense in implementing a carbon compensation scheme. Conversely, if we assume that the Construction footprint should entirely assigned to sport ticket event sold to spectators, then the voluntary pledge proposed to spectators per sport tickets would be too high and therefore discouraging for participation. A downwards distortion this time would make sense to let the voluntary pledge remain not too expensive and therefore still attractive (please refer to Annex 2 for a comparison between an effective scenario and a distorted scenario providing economic common sense).

#### **In summary for spectators:**

- For air tickets, a partnership could be set up between the **Sochi 2014 Organizing Committee** and an airline (say Aeroflot for instance) in order to integrate a carbon compensation “pop up” in the online booking procedure or to be proposed as voluntary pledges by Airlines Agencies when doing offline sales. Same schemes could be applied for train, coach and car passengers.
- For hotels, a partnership could be set up between the **Sochi 2014 Organizing Committee** and some or all hotels in Sochi with the blessing of the tourist Authorities of Sochi so as to add up (at the time of the check out) an optional pledge for the carbon footprint of the hotel stay.
- For the sports tickets sale, a partnership could be set up between the **Sochi 2014 Organizing Committee** and the Sochi tickets sales Authority with the official blessing of the International Olympic Committee about the possibility to integrate a voluntary pledge on carbon offsetting in the tickets being sold.
- All those three examples are based on a B2B2C (Business to Business to Consumer) models and not B2B (Business to Business) models. They should be made optional (up to the individual traveler or the spectator under the form of voluntary pledge or donation). By B2B2C, it is meant that the pledges, if any, are made by the end consumers only and not by the organizations in between the **Sochi 2014 Organizing Committee** and those end consumers. Those organizations (airline, train, hotels, etc.) are only the means to reach in fine the end consumers for voluntary pledging.

#### **4.6. Past experience: the interesting business case of British Petroleum Target Neutral**

BP Target Neutral has been selected as the official Carbon Offset Partner for the 2012 Summer Games. BP Target Neutral has offered to offset the carbon footprint of the journey to the Games of millions of ticket holders. That could involve as much as an estimated 400,000 Tons of carbon dioxide. BP Target Neutral has put a special portfolio of projects including VERs from developing countries that will be used to offset transport emissions from the BP Target Neutral Spectator Offsetting scheme. Several limits of the BP Target Neutral approach can be listed:

- The BP Target Neutral programme is targeting only the flying journeys of the spectators and competitors to the Games (roughly 400,000 Tons). This is the most important item in terms of visibility but it represents less than 15% of the total carbon footprint of the Games estimated at 3.4 Million T according to the Olympic Development Authority (coming mostly from the construction and the transport of construction materials).

- BP Target Neutral will offset only spectators who will have registered online their carbon footprint to attend the Games. Even it is free of charge for spectators, only a small percentage of them will take the time or will have interest to do so, and the carbon offsets purchased eventually by BPTN will be much less than the 400,000 T (possibly 15 or 20% of spectators will register at maximum). BP Target Neutral, for a very limited financial effort is making a great marketing action highly visible worldwide... However some watchdog NGOs could object that the offset is eventually very partial (**not reaching at all any full carbon neutrality even if the scope is limited to travel only**) and above all, orchestrated by BPTN which is administered by British Petroleum whose environmental impact for the planet in general could be to some extent questioned.

For further details on the individual carbon compensation schemes, please refer to Annex 1 on a detailed approach on individual carbon compensation schemes broken down for air tickets, train tickets, coach tickets, car passenger tickets, hotels stays and sport events tickets and to Annex 2 with an example of simulation on the proceeds that could bring the utilization of the six individual carbon compensation schemes proposed in Annex 2.

## **5- Selection of projects generating carbon credits for a robust carbon offsetting**

The selected projects generating carbon credits should be coming from the compliance market or the voluntary market. For robust, transparent and traceable projects generating carbon credits, several effective criteria are essential to be met:

- The standard → only recognized standards (CERs or ERUs for the compliance market and VCS or Gold Standard for the voluntary market)
- The registry → purchase, sale, transfer, retirement of carbon credits only through a registry (National Russian registry for the ERUs; Markit, CDC Climat or APX for the VERs)
- The vintage → only past vintages (ex post credits verified and issued and not ex ante projects)
- The methodology → from all type of available methodologies accredited by the United Nations generating carbon credits (cooking stoves, REDD, renewable energy, Compost, etc.)
- The geography → from the five continents representing the five rings of the Olympic logo
- The cost (in Euros per carbon credit) → choose reasonable average portfolio price below 10 Euros per Ton

The selected projects should be then constituted in portfolio and combine ERUs (presenting the advantage for ERUs from JI projects that they have been generated in Russia) and VERs which are often (say much more than for the compliance JI projects) adding strong social aspect for local communities to the environmental impact of the project as such. Those voluntary projects are associating optimally environment (offsetting) to international cooperation in emerging countries (Africa, Asia, Latin America). This could be very instrumental as the Sochi 2014 Winter Olympics Games are not only a Russian event but a worldwide event with many spectators and viewers coming from all parts of the world and will impact very positively on Russian Federation brand image being a generous country towards the world. A robust and smooth carbon policy will pave the way for Russia to host in a sustainable way future large events such as the soccer World Cup in 2018.

However, and this is highly possible, if the **Sochi 2014 Organizing Committee** decides to concentrate its actions mainly towards JI projects and not to developing world VERs projects, in the will of favoring Russian born environmental actions and direct legacy, some points should be clarified. In fact, Russia has introduced a specific legislation regarding JI project generating ERU carbon credits in the sense that the cash sales of those credits on the Carbon Stock Exchange (roughly 5 Euros per Ton at the beginning of March 2012) must be reinvested compulsorily into new compensation projects and not kept as cash profit. In such specific legal scheme, interested carbon sponsors would invest for instance into those new carbon compensation projects. In addition, to enforce sponsoring, the Russian Authorities could either strongly recommend or even compel both investors in the Sochi 2014 Games (the owners of the constructed facilities) and developers of the Sochi 2014 Games (the direct commercial beneficiaries of the constructed facilities such as shopping malls, hotels, etc.) to invest into those new carbon compensation projects generated by the reinvestment of monetized carbon credits issued previously from JI projects.

## **6- Process to engage partners and sponsors for carbon offsetting.**

Emissions reductions, Green Investment schemes, Individual carbon offsetting pledges, Investors & Developers offsetting (if compelled by the Russian Authorities) will represent four (4) means to explore to decrease substantially the carbon footprint of the Games. However, a large remainder may subsist especially if the scope of responsibility of the **Sochi 2014 Organizing Committee** is not limited to Travel but extended to Construction and Transport of construction materials. In that case, the **Sochi 2014 Organizing Committee** has to organize the process of engagement of partners and sponsors to ensure the offsetting of the remainder carbon footprint and so as to be totally in line with the commitment made in its Bid Book.

As mentioned earlier, two main scenarios are highly possible regarding the scope of responsibility for the **Sochi 2014 Organizing Committee**: scenario 1: limited responsibility to Travel of attending spectators and performing athletes and scenario 2: extended responsibility to Transport & Construction + Travel of attending spectators and performing athletes.

We will envisage below the broader scenario of extended responsibility (inclusive of Transport & Construction + Travel) for which we suggest the following assumptions:

- Search (not for one) but for several sponsors as the tonnage of CO<sub>2</sub>e to offset is very high and represents a lot of money and it is not sure that emission reductions, GIS, individual compensation schemes and potential compelling of investors and developers to offset could be implemented easily as it depends for each of those four axes on a set of complex factors quite uncertain at the moment.
- There should be no distinction between the Travel carbon footprint and the Transport & Construction footprint as the travel one represents only 15% of the total footprint and is, at the same time the most visible in terms of marketing. It will therefore create an unbalanced competition between the carbon footprint lots. Indeed, all the carbon sponsors financing the transport and construction lots will certainly assess being not well rewarded in terms of marketing compared to the sponsor being responsible for the travel footprint with limited carbon footprint to finance, very high visibility and possibly partial financing from travelers. ***Conversely in the case of the limited scenario to Travel of the spectators and the athletes, there will be only one sponsor to look for and its action of offsetting should be then obviously related to travel and present some similarities with the British Petroleum Target Neutral sponsoring scheme for the London 2012 Summer Olympics.***

### **6.1. Searching, contacting and contracting of potential partners and sponsors**

As one could assume that the carbon offsetting could concern several millions Tons of CO<sub>2</sub> and not several hundred thousand tons of CO<sub>2</sub>, the Consultant decided to favor a system of comprehensive search of partners and sponsors instead of the organization of a single tender for one sponsor that may result in being partially unsuccessful. Instead, we recommend the identification of i) official partners, ii) large Russian organizations, iii) large international firms being very present in Russia and iv) large international firms with worldwide exposure and sensitive to sustainable development. For each of those four categories, we recommend the pre selection of a rough number of organizations to contact, address to whom to contact inside those organizations, decide who will perform this task and when to perform it, so as to get an expected interested organizations for entering into financial negotiations. In this regard, a carbon advisory company could be contracted to help to design and conduct this process under the supervision of the **Sochi 2014 Organizing Committee**. Thus, a Steering Committee between the carbon advisory firm, the **Sochi 2014 Organizing Committee** and possibly other Russian Authorities stakeholders (SberBank, Ministries) could be set up with very clear definition of tasks and reporting procedures.

### **6.2. A well wrapped up sponsoring dossier**

The sponsoring dossier should be a written document with clear and precise contents. It ought to be creative, original and very rational at the same time and should contain four (4) main elements:

### 6.2.1. A general presentation of the Olympic Games and of the organization bearing the project: *the Sochi 2014 Organizing Committee*.

- A brief history of Russia and its long tradition of generously hosting large events and a brief history of Sochi/ Krasnodar being a city/ region committed to sustainable development and experienced in organizing large events.
- A brief history on how the concept of organizing the Sochi 2014 Olympic Games came true.
- A summary of the **Sochi 2014 Organizing Committee** organization (its creation, its functions, its management, its values, its ambitious CSR policy, its commitment in its Bid Book for 100% climate neutral games).
- A description of who is supporting directly and indirectly the **Sochi 2014 Organizing Committee** (State of Russia, various Ministries, UNDP, IOC, etc.)
- Past achievements: What has done so far the **Sochi 2014 Organizing Committee** in terms of sustainable development? Description of its commitment towards climate neutral Games
- Post achievements: What will do the **Sochi 2014 Organizing Committee** from now and towards the Olympic Games event and also after the Olympic Games? What will happen to Sochi Games area after the Games?

→ It is needed to show that the **Sochi 2014 Organizing Committee** is a creative, interesting and reliable partner with a positive brand image that could be related positively with any firm willing to sponsor the carbon compensation of the event.

### 6.2.2. A description of the carbon offset programme in line with the green legacy for carbon neutral games.

- Background of the project: climate change uncertainties for future generations, the carbon footprint issue, the possible reductions of CO<sub>2</sub> and the incompressible reductions of CO<sub>2</sub>.
- Objectives of the project: to neutralize comprehensively the carbon footprint of the Sochi 2014
- Constraints of the project: difficulty to reduce all emissions (some are incompressible).
- Opportunities of the project: possibility offered to counterbalance those emissions through carbon compensations schemes allying environmental benefits as well as social ones for the developing countries.
- Expected results of the projects: climate neutral games through the financing of projects all over the world generating carbon credits and social benefits for local populations.

### 6.2.3. A sponsoring proposal to purchase wrapped up specific lots of carbon compensation

- Why the **Sochi 2014 Organizing Committee** solicits your firm? (it should include here a preliminary analysis of the general communication strategy of each targeted firm)
- What are the concrete qualitative and quantitative benefits the firm will get from green sponsoring (in terms of notoriety, brand image, direct opportunities of sales, public relations, etc.)? In terms of quantitative advantages a detailed list will have to be provided here (number of VIP tickets, clear programme of business events, etc.)
- What is asking the **Sochi 2014 Organizing Committee** from your firm in terms of sponsorship? How much money and for which concrete action (quoting the various carbon compensation lots) and with which specific milestones? For instance, it is important here to clearly explain the safeguards for reliable carbon compensation (standards, registries, past vintages). The **Sochi 2014 Organizing Committee** should also clearly indicate that after the irrevocable retirement of the carbon credits, the certificates (serial numbers) of those carbon credits will be immediately transferred to the sponsoring firms for their own records. As mentioned before, it is also important here to underline that the **Sochi 2014 Organizing Committee** is monitoring a dedicated communication policy about the carbon compensation scheme towards stakeholders
- What will be offered to sponsors/partners should be well wrapped up in marketing attractive packages very well defined in terms of quantitative and qualitative benefits. **If comprehensive, the global carbon footprint could be broken down by geographic site or, even better by sports/venues, and proposed into carbon compensation attractive lots accordingly.** The break down of the global carbon footprint by sports/venues could be a bit arbitrary but valid it is long as it is reconciled to the total figure. Among others (and to be decided by the **Sochi 2014 Organizing Committee**) could be offered for any carbon compensation sponsor/partner:
- A certain number of VIP seats to attend the Games

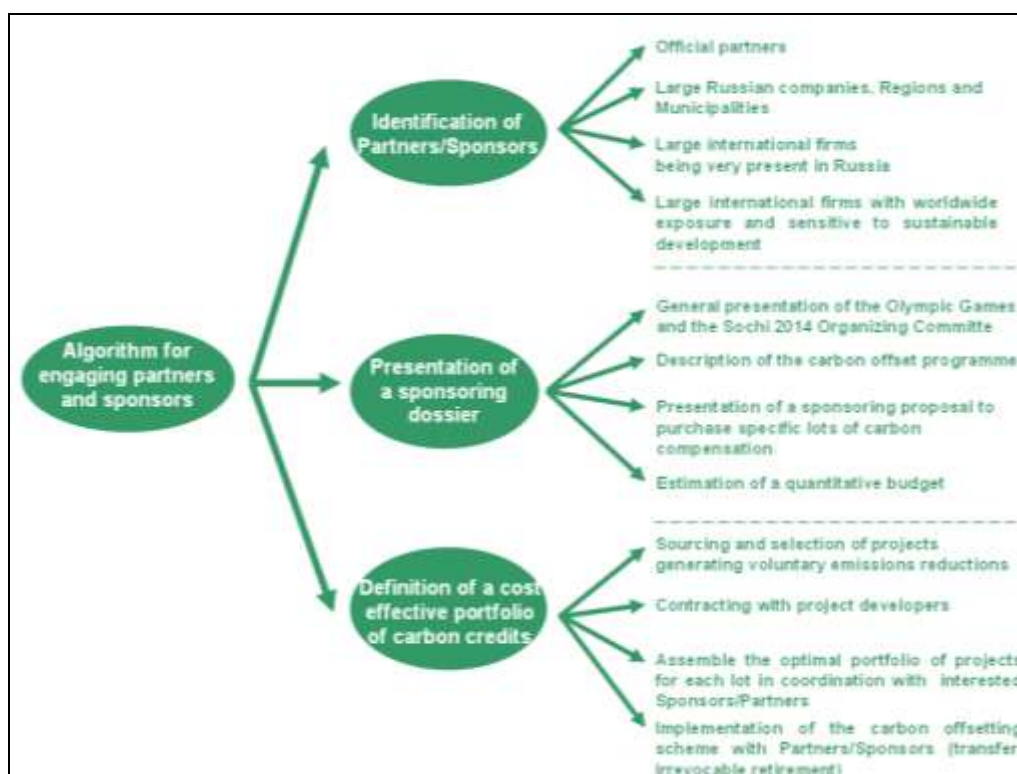
- A certain number of invitations during the Games to meet with Russian officials (SOOC, Ministry of Natural Resources, Russian NGOs, Russian civil society, Sports athletes, etc.) during a specific “green” gala dinner.
- The organisation of a round table between all green carbon compensation sponsors and Russian authorities during the Sochi 2014 Games so that all of those could meet and exchange views.
- The mentioning of the firm’s contribution in the Sochi Committee website and/or Russian Ministries’ websites and in some official press releases before, during and after the Games.
- The utilization of a derived Sochi 2014 logo, for instance a specific “green Sochi 2014” logo to be created?

#### 6.2.4. A quantitative budget estimation and a few annexes

- The **Sochi 2014 Organizing Committee** must precise all the possible carbon compensation lots and different qualitative and quantitative packages that will be offered to firms.
- For each lot, **Sochi 2014 Organizing Committee** must precise the requested financing and time schedule of release of the funds.
- For each lot, **Sochi 2014 Organizing Committee** must provide a clear and precise listing of the quantitative and qualitative advantages granted to the sponsor and time schedule of release of those advantages.
- It is important to join statistics in terms of visibility such as:
  - The expected number of physical spectators who will attend the Games
  - The expected number of TV spectators who will watch the Games
  - The media coverage: how many TV channels, press journalists will be present in Sochi?
  - The number of Russian official bodies directly or indirectly associated to the event
  - The expected number of fans and followers for a specific “green Sochi 2014” Facebook page and Twitter account
- The internet traffic report for the ‘Sochi 2014’ website and the expected internet traffic for a specific “green Sochi 2014” webpage or even separate website

Please refer to the following diagram and Annex 3 for comprehensive description of our recommendations in terms of process as to recruiting partners and sponsors

#### Algorithm for engaging partners and sponsors

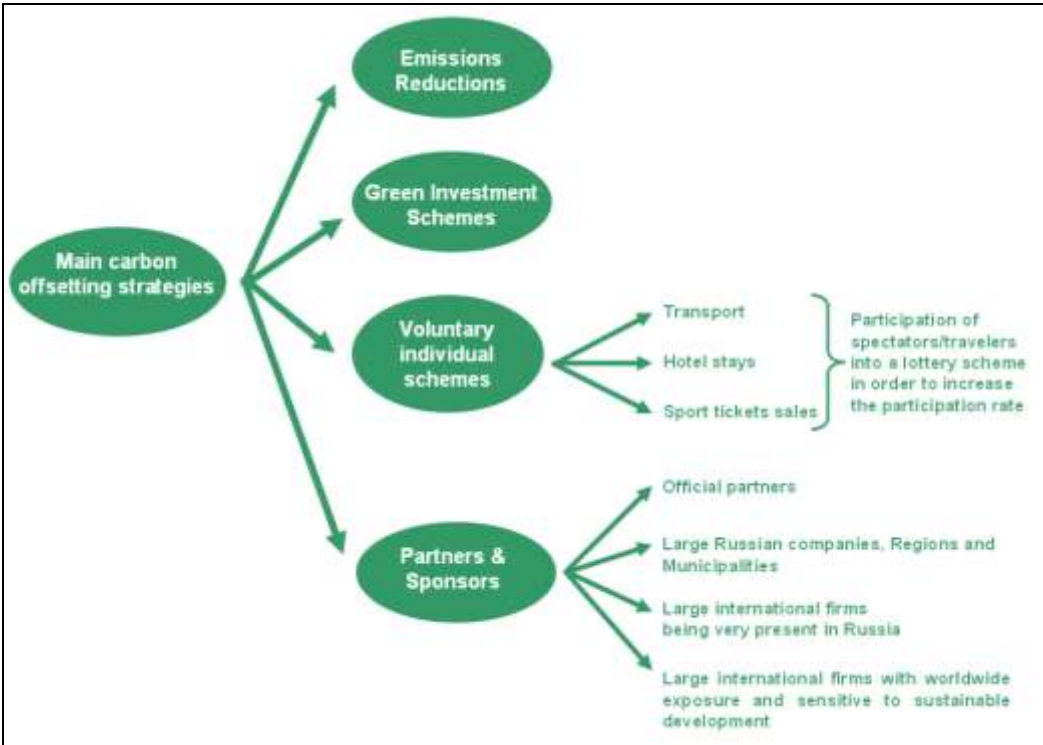


**Conclusion**

After the measurement of the carbon footprint and the clear definition of the scope of responsibility of the **Sochi 2014 Organizing Committee**, the carbon offsetting policy will be implemented operationally with verifiable both quantifiable qualitative and qualitative objectives to achieve.

Pragmatically, most probably, this carbon offsetting policy will consist of a mix of different options ranging from (1) carbon emissions reductions, (2) AAUs and associated green investments schemes to (3) the engagement of sponsors/partners and spectators offsetting a mixed portfolio of most probably JI and less probably VERs. It has been the case for past events such as Vancouver 2010 Winter Olympics or London 2012 Summer Olympics offering a wide spectrum of possibilities while mitigating the risks of one-solution-only. In addition, investors and developers of the Sochi 2014 Olympic Games could be also strongly suggested or even compelled by the Russian Authorities to participate as carbon sponsors for part of it.

**Presentation of main carbon offsetting strategies of the Sochi 2014 Winter Olympics**



The criteria for the selection of a carbon sponsor or of several carbon sponsors will be crucial at some stage, probably after getting soon a rough estimate of (1) what should be scope of carbon footprint to offset, (2) what could be the potential carbon emissions reductions and (3) what could be the possibility for the **Sochi 2014 Organizing Committee** to negotiate with Russian Authorities proceeds of sales of AAUs to finance GIS in Sochi area and ensure internal carbon offsetting.

In terms of carbon legacy, the association of sound carbon reductions, use of GIS, and the creation of an offsetting portfolio showcasing clean technologies mostly coming from projects taking place in the Russian Federation will send a clear signal to the world of the Sochi 2014 Winter Olympics and more generally of Russia transitioning towards a low-carbon economy.

## **Annexes**

The three annexes attached are concerning the following:

- **Annex 1 – Individual carbon compensation schemes**
- **Annex 2 – Simulation on the proceeds that could bring the utilization of the six individual carbon compensation schemes**
- **Annex 3 – Algorithm for engaging partners and sponsors for carbon offsetting**



## Annex 1 – Individual carbon compensation schemes

A set of carbon compensation schemes involving individual travelers and spectators attending the Olympic Games could be designed in order to offset the specific carbon footprint of their journeys (by air, train, coach or car), hotel stays and sport events attendance. Those various individual carbon compensation schemes offering maximal awareness and legacy potential will be designed and implemented under several assumptions:

1. Those schemes will be only optional and not compulsory. No compulsory tax at all, but instead voluntary pledge offered by individual travelers and spectators to accompany the sustainable development policy of the Olympic Games led by the **Sochi 2014 Organizing Committee**.
2. **As it is a voluntary pledge, the effective emissions directly related to such or such activity could be distorted to reflect better the economics of such individual compensation schemes. For instance, effective emissions of a traveler by coach would be by definition very small and be then pointless in terms of carbon compensation scheme to implement. In that case, the pledge per coach traveler could be distorted upwards to reflect some economic common sense in implementing a carbon compensation scheme. Conversely, if we assume that the Construction footprint should entirely assigned to sport ticket event sold to spectators, then the voluntary pledge proposed to spectators per sport tickets would be too high and therefore discouraging for participation. A downwards distortion this time would make sense to let the voluntary pledge remain not too expensive and therefore still attractive.**
3. Those schemes would definitely need negotiations between the **Sochi 2014 Organizing Committee** and the various concerned Authorities (one Russian airline such as Aeroflot, Russian Railways, Sochi Tourism Authorities, Krasnodar border management Authority, etc.).
4. In case of negotiated terms with those Authorities, IT programming, Project management monitoring and Training should be implemented so as for the **Sochi 2014 Organizing Committee** to swiftly collect the cash generated by such Authorities in the frame of those various carbon compensation schemes offered to individual travelers and spectators.

### 1. Compensation schemes for air tickets (most elaborated scheme)

The implementation of an optional carbon compensation module could be integrated in the booking online of an airline company. One of the main advantages of this carbon compensation module is the relatively limited investment in terms of Information Technology. These days, several airlines or travel agencies are already proposing such modules through their online booking website such as EasyJet<sup>1</sup>, Continental Airlines<sup>2</sup>, Air Canada<sup>3</sup>, CheapTickets<sup>4</sup>, Virgin Australia<sup>5</sup>, Qantas<sup>6</sup>, Air France<sup>7</sup>, etc.

**Sochi 2014 Organizing Committee** could tie up an agreement with an airline (for instance with the partner Aeroflot?), so as for any booking online leading to Sochi during the lapse of time of the Games (the time span could be broadened to one week before and one week after the Games), there would be at the end of the reservation process a sort of “pop up” or “module” calculating the carbon footprint of the passenger’s travel and proposing him to offset it through the purchase of carbon credits. As an example, a return Y class ticket Paris Sochi (via Moscow) would be representing roughly 1.2 Te CO<sub>2</sub> and therefore (for carbon credits costing say 5 Euros per Ton), it will increase the cost of the air ticket by 6 Euros. The placement of such optional module (it is actually an exchange of some XML language

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<sup>1</sup> [http://www.easyjet.com/en/environment/carbon\\_offsetting.html](http://www.easyjet.com/en/environment/carbon_offsetting.html)

<sup>2</sup> <http://www.continental.com/web/en-US/apps/booking/flight/searchRT.aspx>

<sup>3</sup> <https://aircanada.zerofootprintoffsets.com/>

<sup>4</sup> <http://www.cheaptickets.nl/en/flygreen.cfm>

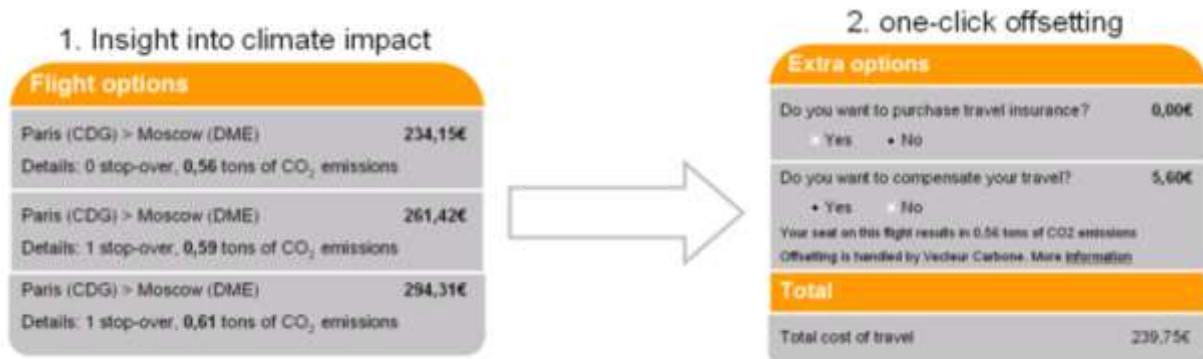
<sup>5</sup> <https://www.virginaustralia.com/public/system/carbon/index.htm>

<sup>6</sup> <https://www.qantas.com.au/travel/airlines/offset-my-flight/global/en>

<sup>7</sup> <http://corporate.airfrance.com/en/sustainable-development/co2-calculator/co2-calculator/>

IT programming lines) on the online booking website of the airline is highly feasible and could be proposed accordingly. It probably should be made optional for passengers as the concerned airline may not accept to integrate such cost in its price and then being distorted vis-à-vis its competitors. The system could be sophisticated to an extent that an automatic digital certificate of carbon offsetting should be sent by email to each traveler that would have paid for offsetting so that to increase the public awareness and appropriation of the carbon offsetting by the general public.

The scheme below shows an example of a carbon offsetting “pop-up” integrated in an online booking website with a travel Paris-Moscow (one way trip).



**For matters of simplification (and we advocate for this solution), it could also be decided that each flight (regardless its distance to Sochi) could offer the possibility of a voluntary pledge of a fixed amount (for instance 10 EUR).**

When this type of optional module of carbon compensation is offered as part of the booking system, the likelihood of participation is much higher than when it's offered outside of the booking procedure (compared the when the person has to be redirected to another website and reinsert its details including credit card details, etc.). With such system, one can expect that the carbon footprint of the traveling of spectators being immediately financed by the travelers themselves to reach a target of 10%. Several mechanisms could improve a bit the participation rate into this carbon offsetting scheme such as the possibility of interactions with social networks (Facebook, Twitter, etc.) or the participation of offsetting travelers to an exciting lottery. About the lottery participation, the lucky winners could be for instance invited to some gala events during the Sochi games and/or meet some famous sports athletes at specific moments of the Games or simply win free air tickets.

Regarding the implementation of such IT module related to carbon compensation, the **Sochi 2014 Organizing Committee** could select a carbon advisory partner in order to define the type of carbon offsetting projects to be selected, the marketing aspects of this module and its effective IT implementation. The cost of the development and implementation of such carbon compensation IT module could be relatively costly (see at the end of the note, the estimation of necessary working days). Alternatively, it could be made free of charge by one carbon advisory partner if, for instance, the procurement and the sales of those carbon credits to individual offsetting travelers will be ensured by that carbon advisory partner at a fixed price per Ton of CO<sub>2</sub>e agreed by the **Sochi 2014 Organizing Committee** (for instance at 5 EUR per Ton of CO<sub>2</sub>e).

#### Estimated figures

- Number of air travelers: 400,000 (waiting for the estimate from the **SOOC**)
- Rate of conversion: 10%
- Voluntary pledge: 10 EUR per air ticket

## **2. Compensation schemes for train tickets**

A voluntary pledge for each online or offline train booking could be proposed to train travelers in the same spirit, though simplified, as for the air flight voluntary compensation scheme described above. A lottery scheme generating cash, gifts and/or attendance to VIP events during the Games could also be put in place in order to boost the rate of conversion of travelers willing to accept an extra cost (or pledge) on the top of the price of their train ticket, rate of conversion estimated in the given example in Annex 1 at 10%.

The effective emission factor average for 1000 km trip by train per passenger is estimated at 0.056 Ton of CO<sub>2</sub>e according to the GHG Protocol calculation scheme. At a cost of 5 EUR per carbon credit, the direct related cost for each train passenger should be of 0.28 EUR.

As, one is envisaging a voluntary pledge not necessarily piggybacked to the effective emission of each passenger, the pledge could be then distorted upwards to a lump sum per train ticket. In the example attached in the Annex 1, we envisage the pledge to be of 5 EUR per train ticket.

A partnership should be set up between the **Sochi 2014 Organizing Committee** and the Russian Railways Authorities.

### Estimated figures

- Number of train travelers: 300,000 (waiting for the estimate from the **SOOC**)
- Rate of conversion: 10%
- Voluntary pledge: 5 EUR per train ticket

## **3. Compensation schemes for coach tickets**

A voluntary pledge for each online or offline booking could be proposed to coach travelers in the same spirit, though simplified, as for the air flight voluntary compensation scheme described above. A lottery scheme generating cash, gifts and/or attendance to VIP events during the Games could also be put in place in order to boost the rate of conversion of travelers willing to accept an extra cost (or pledge) on the top of the price of their coach ticket, rate of conversion estimated in the given example at 10%.

The effective emission factor average for 1000 km trip by coach per passenger (assumption of 30 passengers per coach) is estimated at 0.0109 Ton of CO<sub>2</sub>e according to the GHG Protocol calculation scheme. At a cost of 5 EUR per carbon credit, the direct related cost for each coach passenger should be of 0.05 EUR.

As, one is envisaging a voluntary pledge not necessarily piggybacked to the effective emission of each passenger, the pledge could be then distorted upwards to a lump sum per coach ticket. In the example attached in the Annex 1, we envisage the pledge to be of 5 EUR per coach ticket.

A partnership should be set up between the **Sochi 2014 Organizing Committee** and the main Russian coach services corporations proposing a route to Sochi/Adler.

### Estimated figures

- Number of coach travelers: 300,000 (waiting for the estimate from the **SOOC**)
- Rate of conversion: 10%
- Voluntary pledge: 5 EUR per coach ticket

## **4. Compensation schemes for car passenger entering the Krasnodar region border**

A voluntary pledge for each entrance at the Krasnodar regional border could be proposed to car travelers in the same spirit, though simplified, as for the air flight voluntary compensation scheme described above. A lottery scheme generating cash, gifts and/or attendance to VIP events during the Games could also be put in place in order to boost the rate of conversion of travelers willing to accept a pledge at the entrance border of the Krasnodar region, rate of conversion estimated in the given example at 10%.

The effective emission factor average for 1000 km trip by car per passenger (assumption of 3 passengers per car) is estimated at 0.0653 Ton of CO<sub>2</sub>e according to the GHG Protocol calculation scheme. At a cost of 5 EUR per carbon credit, the direct related cost for each car passenger should be of 0.33 EUR.

As, one is envisaging a voluntary pledge not necessarily piggybacked to the effective emission of each car passenger, the pledge could be then distorted upwards to a lump sum per car passenger. In the example attached in the Annex 1, we envisage the pledge to be of 5 EUR per car passenger ticket.

A partnership should be set up between the **Sochi 2014 Organizing Committee** and the Russian border management Authorities of the Krasnodar region in charge of collecting the voluntary pledges at the different border check points of the region.

#### Estimated figures

- Number of car travelers : 1,000,000 (waiting for the estimate from the **SOOC**)
- Rate of conversion: 10%
- Voluntary pledge: 5 EUR per car passenger

### **5. Compensation schemes for hotels stays**

A voluntary pledge for each night in an hotel during the Olympic Games (including one week before and one week after the Games) could be proposed to tourists in the same spirit, though simplified, as for the air flight voluntary compensation scheme described above. A lottery scheme generating cash, gifts and/or attendance to VIP events during the Games could also be put in place in order to boost the rate of conversion of tourists willing to accept an extra cost (or pledge) on the top of the bill on their hotel stay, rate of conversion estimated in the given example at 50% (this is usually the rate of donation at the time of check outs of big hotel chains).

The effective emission factor average per night stay is estimated at 0.012 Ton of CO<sub>2</sub>e according to the GHG Protocol calculation scheme. At a cost of 5 EUR per carbon credit, the direct related cost for each tourist should be of 0.06 EUR.

As, one is envisaging a voluntary pledge not necessarily piggybacked to the effective emission of a night stay, the pledge could be then distorted upwards to a lump sum per night stay. In the example attached in the Annex 1, we envisage the pledge to be of 2 EUR per night.

A partnership has to be set up between the **Sochi 2014 Organizing Committee** and most of the hotels in Sochi/Adler region with the blessing of the Tourism Authorities of Sochi so as to add up (at the time of the check out) an optional pledge for the carbon footprint of the hotel stay.

#### Estimated figures

- Number of hotel-nights: 1,000,000 (waiting for the estimate from the **SOOC**)
- Rate of conversion: 40%
- Voluntary pledge: 2 EUR per night

### **6. Compensation schemes for sport event tickets**

A voluntary pledge for each sport event ticket sold during the Olympic Games could be proposed to spectators in the same spirit, though simplified, as for the air flight voluntary compensation scheme described above. A lottery scheme generating cash, gifts and/or attendance to VIP events during the Games could also be put in place in order to boost the rate of conversion of spectators willing to accept an extra pledge on the top of the sport event ticket, rate of conversion estimated in the given example at 15% (there is a special atmosphere or “fever” at the Games leading to positive conditioning of spectators for accepting the pledges especially if proposed by fancy sales forces).

The effective emission factor average per sport event ticket is estimated at 1.25 Ton of CO<sub>2</sub>e if we directly divide the carbon footprint related to Transport and Construction (for instance estimated at 2.5

Millions Tons after net crediting from emissions reductions and GIS) by the number of tickets sold (estimated at 2 Millions). At a cost of 5 EUR per carbon credit, the direct related cost for sport event ticket should be of 6.25 EUR.

As, one is envisaging a voluntary pledge not necessarily piggybacked to the effective emission of sport event ticket, the pledge could be then distorted downwards to a lump sum per sport event ticket. In the example attached in the Annex 1 we envisage the pledge to be of 5 EUR per ticket.

A partnership has to be set up between the **Sochi 2014 Organizing Committee** and the Sochi Tickets sales Authority with the blessing of the International Olympic Committee to propose a potential voluntary pledge in the sport event tickets being sold. Those pledges could be offered either online or offline, and if offline, and both the tickets booth centres and by dedicated mobile dynamic sales forces moving around the different spots of the venues (majorettes, fancy dressed sellers, etc.)

#### Estimated figures

- Number of sport event tickets: 2,000,000 (waiting for the estimate from the **SOOC**)
- Rate of conversion: 15%
- Voluntary pledge: 5 EUR per sport event ticket

## **7. Transversal actions for each carbon compensation scheme vehicle**

### **IT programming**

It will concern the online modules dedicated to carbon compensation. The main idea is to create a module made of some XML language IT programming lines that could be plugged in to the booking website of an airline, railways, a coach services company, a hotel or the sport event ticket Authority. After the programming is made, the prepared programmed IT lines should be integrated by the webmaster of the booking website of the airline, railways, hotel, etc. XML is the “Esperanto” or the common IT language between all IT programmers allowing therefore the smooth integration of those IT lines into the respective booking websites.

### **Project Monitoring**

As a lot of moneys would be collected either by credit card (the online booking of an air ticket for instance) or by cash (voluntary pledge by a car passenger at the entrance border of Krasnodar region for example), it is necessary to set up strict monitoring procedures for receiving the moneys, delivering the carbon neutral pledge and lottery vouchers to individual offsetters and for the levying organizations (airline, railways, border management Authority, hotels, sport event tickets sellers, etc.) reversing for instance on a weekly basis the collected moneys to the **Sochi 2014 Organizing Committee**. Financial governance being a key success factor of the various individual carbon offsetting schemes, necessary project management tools should be offered by the **Sochi 2014 Organizing Committee** to the various entities proposing carbon offsetting pledges to individual travelers and spectators.

### **Training**

For the voluntary carbon compensation pledges to be offered offline, training would need to be given to the various operating sales forces.

<b>Scheme</b>	<b>Who?</b>	<b>Where?</b>	<b>When?</b>	<b>What? (deliverables)</b>
Compensation scheme for air travel	Aeroflot HQ, local agencies, main private air travel agents	Moscow and 1 or 2 European city	January 2013 to March 2013 3 X 1-day session	Leaflet about carbon offset (main features), main Q&A about carbon offset, lottery scheme explanation including lottery vouchers management
Compensation scheme for train travel	Russian Railways, main private train travel agencies	Moscow	September 2013 1 X 1-day session	Leaflet about carbon offset (main features), main Q&A about carbon offset, lottery scheme explanation including lottery vouchers management
Compensation scheme for coach travel	Russian coach companies	Moscow and/or Sochi	September 2013 1 X 1-day session	Leaflet about carbon offset (main features), main Q&A about carbon offset, lottery scheme explanation including lottery vouchers management
Compensation scheme for car travel	Border control policemen, Krasnodar officials	Sochi	September 2013 2 X 1-day session	Leaflet about carbon offset (main features), main Q&A about carbon offset, lottery scheme explanation including lottery vouchers management
Compensation scheme for hotel stays	Main hotels of Sochi region, local Tourist Authorities, hotel chains	Sochi	January to March 2013 3 X 1 day-session	Leaflet about carbon offset (main features), main Q&A about carbon offset, lottery scheme explanation including lottery vouchers management
Compensation scheme for sport tickets	Tickets sales Authority, ticket booths centres personnel, mobile sales force, selling sport event tickets resellers agencies	Sochi and possibly also Moscow for the selling tickets agencies	January to March 2013 5 X 1-day session	Leaflet about carbon offset (main features), main Q&A about carbon offset, lottery scheme explanation including lottery vouchers management

**Necessary working days for designing the different carbon compensation schemes (IT programming, Project monitoring and Training)**

Task	Working days			
	IT programming	Set up of project monitoring tools	Training on the field	Total
Compensation scheme for air travel (*)	22	11	7	40
Compensation scheme for train travel (**)	2	2	1	5
Compensation scheme for coach travel (**)	2	2	1	5
Compensation scheme for car travel (**)	2	4	2	8
Compensation scheme for hotel stays (**)	2	2	3	7
Compensation scheme for sport tickets (**)	5	5	5	15
<b>Total</b>	<b>35</b>	<b>26</b>	<b>19</b>	<b>80</b>

(\*) in the simplified assumption where the voluntary pledge is a fixed lump sum for each flight regardless the distance between departure point and the city of Sochi/Adler.

(\*\*) limited number of working days as most of the IT, Project Monitoring and Training effort would have been done for the air travel compensation scheme (scales savings)

## **8. Informal transversal action to boost the individual carbon compensation schemes**

We recommend the **Sochi 2014 Organizing Committee** to adopt a famous and well reputed star (sportsman, film director such as N. Mikhailov, actress, etc.) known to be sensitive to environmental issues that could act as the green “guru” of the Sochi 2014 Winter Olympics. Being appreciated by mass media and people, having followers on Twitter, he or she could make from time to time statements in the press, on TV or write a Tweet encouraging the carbon offsetting process to individual travelers and spectators with slogans such as “do your best, offset the rest”.

## Annex 2 – Simulation on the proceeds that could bring the utilization of the six individual carbon compensation schemes

### EFFECTIVE SCENARIO - NO ECONOMIC JUSTIFICATION

	Effective Tons of CO2e offset	cost assumption per Ton of CO2e (EUR)	5,00
Total carbon footprint to offset (SCOPE)	4 500 000		
<i>of which travel</i>	500 000		
<i>of which construction</i>	4 000 000		
input of emissions reductions (REDUCTIONS)	500 000		
compensation through of AAUs-GIS (AAU-GIS)	3 000 000		
<b>Net carbon footprint to offset (NET OFFSET)</b>	<b>1 000 000</b>		
<b>Air travel compensation</b>			
number of air travelers	400 000	40 000	additional cost per air trip 5,00
emission factor average (per flight) (1)	1,0000		
conversion rate -optional-	10%		raised money air flights 200 000
<b>Train travel eco pledge</b>			
number of train travelers	300 000	1 680	additional cost per train trip 0,28
emission factor average (2)	0,0560		
conversion rate -optional-	10%		raised money train 8 400
<b>coach travel eco pledge</b>			
number of coach travelers	300 000	326	additional cost per coach trip 0,05
emission factor average (3)	0,0109		
conversion rate -optional-	10%		raised money coach 1 630
<b>car travel eco pledge</b>			
number of car travelers	1 000 000	6 533	additional cost per car passenger trip 0,33
emission factor average (4)	0,0653		
conversion rate -optional-	10%		raised money car 32 667
<b>hotel stay green tourism eco pledge</b>			
number of hotel nights	1 000 000	4 800	additional cost per hotel night 0,06
emission factor for one night stay (TCO2)	0,0120		
conversion rate -optional-	40%		raised money hotel stay 24 000
<b>sports events tickets green eco pledge</b>			
number of tickets sold	2 000 000	600 000	additional cost per sport ticket 10,00
emission factor for one ticket	2,0000		
conversion rate -optional-	15%		raised money sports tickets 3 000 000
<b>Total offset by individuals schemes (Tons of CO2e)</b>	<b>653 339</b>		
<b>Remainder to be offset by the carbon sponsors (Tons of CO2e)</b>	<b>346 661</b>		

(1) emission factor average for a short and medium haul flight in Ton CO2e (GHG Protocol)  
 (2) emission factor average for 1000 kms trip by train per passenger in Ton CO2e (GHG Protocol)  
 per passenger in Ton CO2e (GHG Protocol)  
 (assumption of 30 passengers by coach)  
 passenger in Ton CO2e (GHG Protocol) (assumption of 3 passengers by car)

Precision : All of the emission factors presented below (1-2-3-4) are based on the default emission factors used in the UK GHG Inventory (GHG) for 2007.

### DISTORTED SCENARIO - ECONOMIC JUSTIFICATION

	Effective Tons of CO2e offset with distortions	cost assumption per Ton of CO2e (EUR)	5,00
Total carbon footprint to offset (SCOPE)	4 500 000		
<i>of which travel</i>	500 000		
<i>of which construction</i>	4 000 000		
input of emissions reductions (REDUCTIONS)	500 000		
compensation through of AAUs-GIS (AAU-GIS)	3 000 000		
<b>Net carbon footprint to offset (NET OFFSET)</b>	<b>1 000 000</b>		
<b>Air travel compensation</b>			
number of air travelers	400 000	80 000	additional cost per air trip 10,00
CO2 contribution in Tons of CO2e (per flight)	2,0000		
conversion rate -optional-	10%		raised money air flights 400 000
<b>Train travel eco pledge</b>			
number of train travelers	300 000	30 000	additional cost per train trip 5,00
CO2 contribution (per train journey)	1,0000		
conversion rate -optional-	10%		raised money train 150 000
<b>coach travel eco pledge</b>			
number of coach travelers	300 000	30 000	additional cost per coach trip 5,00
CO2 contribution in Tons of CO2e (per coach journey)	1,0000		
conversion rate -optional-	10%		raised money coach 150 000
<b>car travel eco pledge</b>			
number of car travelers	1 000 000	100 000	additional cost per car passenger trip 5,00
CO2 contribution in Tons of CO2e (per car journey)	1,0000		
conversion rate -optional-	10%		raised money car 500 000
<b>hotel stay green tourism eco pledge</b>			
number of hotel nights	1 000 000	160 000	additional cost per hotel night 2,00
CO2 contribution in Tons of CO2e (per hotel night)	0,4000		
conversion rate -optional-	40%		raised money hotel stay 800 000
<b>sports events tickets green eco pledge</b>			
number of tickets sold	2 000 000	300 000	additional cost per sport ticket 5,00
CO2 contribution in Tons of CO2e (per sport events ticket)	1,0000		
conversion rate -optional-	15%		raised money sports tickets 1 500 000
<b>Total offset by individuals schemes (Tons of CO2e)</b>	<b>700 000</b>		raised money TOTAL EUR 3 500 000
<b>Remainder to be offset by the carbon sponsors (Tons of CO2e)</b>	<b>300 000</b>		



## Annex 3 – Algorithm for engaging partners and sponsors for carbon offsetting

### 1- INTRODUCTION

This described below process is aimed at financing the net carbon footprint through partners and sponsors which is expressed by the following formula:

#### NET CARBON FOOTPRINT FOR SPONSORS AND PARTNERS=

Carbon footprint under the scope of responsibility of the **Sochi 2014 Organizing Committee**

– Carbon emissions reductions

– AAU allocation to GIS

– Offsets pledged by individual travelers and spectators

Emissions reductions, Green Investment schemes, Individual carbon offsetting pledges, Investors & Developers offsetting (if compelled by the Russian Authorities) will represent four (4) means to explore to decrease substantially the carbon footprint of the Games. However, a large remainder may subsist especially if the scope of responsibility of the **Sochi 2014 Organizing Committee** is not limited to Travel but extended to Construction and Transport of construction materials. In that case, the **Sochi 2014 Organizing Committee** has to organize the process of engagement of partners and sponsors to ensure the offsetting of the remainder carbon footprint and so as to be totally in line with the commitment made in its Bid Book.

As mentioned earlier, two main scenarios are highly possible regarding the scope of responsibility for the **Sochi 2014 Organizing Committee**: scenario 1: limited responsibility to Travel of attending spectators and performing athletes and scenario 2: extended responsibility to Transport & Construction + Travel of attending spectators and performing athletes.

We will envisage below the broader scenario of extended responsibility (inclusive of Transport & Construction + Travel) for which we suggest the following assumptions:

- Search (not for one) but for several sponsors as the tonnage of CO<sub>2</sub>e to offset is very high and represents a lot of money and it is not sure that emission reductions, GIS, individual compensation schemes and potential compelling of investors and developers to offset could be implemented easily as it depends for each of those four axes on a set of complex factors quite uncertain at the moment.
- There should be no distinction between the Travel carbon footprint and the Transport & Construction footprint as the travel one represents only 15% of the total footprint and is, at the same time the most visible in terms of marketing. It will therefore create an unbalanced competition between the carbon footprint lots. Indeed, all the carbon sponsors financing the transport and construction lots will certainly assess being not well rewarded in terms of marketing compared to the sponsor being responsible for the travel footprint with limited carbon footprint to finance, very high visibility and possibly partial financing from travelers. **Conversely in the case of the limited scenario to Travel of the spectators and the athletes, there will be only one sponsor to look for and its action of offsetting should be then obviously related to travel and present some similarities with the British Petroleum Target Neutral sponsoring scheme for the London 2012 Summer Olympics**

## **2- IDENTIFICATION OF PARTNERS**

Official partners are an interesting playground as they are already there and business contacts as well as mutual trust are in place for some time. They made already either financial and/or in kind pledges to the Games. They could then additionally decide to offset:

a) Their specific in kind input for instance like Coca Cola or others did in past Olympic Games which reduce the global amount of CO2 to offset and/or;

b) They could also become sponsor for a specific carbon compensation lot as mentioned earlier. In case of b) (they are interested to contribute to the carbon compensation of the Sochi 2014 Games) this new action should not be confusing with their current partnership programme. Confusion should be avoided and brainstorming with the **Sochi 2014 Organizing Committee** account managers should be prior to contacting those potential partners about b). Only if it makes sense strategically and legally, specific arrangements could be made to integrate to their existent partnership scheme a further carbon sponsoring scheme. It will imply a case-by-case analysis of each specific situation of current partnership.

- Rough number organizations to contact: 10  
→ Process: contact each official partner after analyzing its specific partnership agreement with the **Sochi 2014 Organizing Committee**.
- Whom to contact inside those organizations: Current contact manager for the partnership agreement.  
→ Process: send them a sponsoring dossier by email/courier with possibly the necessity of meetings in terms of education about carbon offsetting.
- Who will perform this task: a carbon advisory company jointly with the account managers of the **Sochi 2014 Olympic Committee**  
→ Process: Steering Committee between the carbon advisory company and the account managers to be set up and to have clear management process with dedicated persons ready for contacting and meeting potential targets. Lead insured by the carbon advisory company.
- When to perform this task: after the sponsoring dossier and the effective selection of projects generating carbon credits are finalized.
- Expected interested organizations for entering into negotiations: 2  
→ Process: meet with those organizations to refine the discussion the carbon sponsoring agreement including all the financial aspects.
- Workload: 10 person days over a 4-month period

## **3- IDENTIFICATION OF SPONSORS**

Potential carbon sponsors could come from:

- **Large Russian companies/ Russian regions or municipalities**

Large Russian companies (Russian multinationals) are trying to be highly visible by all means and this green carbon compensation could be appealing to them. However, there might be a need to educate them about the principles of carbon compensation and the positive fall outs about it not only towards Russian citizens but towards Western or other citizens who have the belief that Russia is not in general very cautious about environmental issues. It could be suggested here to have direct meetings with their CSR (Corporate Social Responsibility managers) and check their interest during those meetings. Apart from large companies, one could also consider some municipalities and regions

willing to show their concern about environmental issues. It could represent a strong signal towards foreign tourists and generally for the future organization of large events (Saint Petersburg or Moscow could be cities to target as well as Kazan which will host soon the future Youth Games; Sochi city and Krasnodar region may also wish to contribute themselves to the carbon compensation programme). Those potential sponsors would need to be identified and contacted.

- Rough number organizations to contact: 30  
→ Process: select most important Russian multinationals, Russian regions and municipalities (Lukoil, Beeline, Gazprom, Krasnodar Region, Kazan municipality, etc.)
- Whom to contact inside those organizations: CSR managers, Quality managers, General Managers.  
→ Process: telephone to identify the right persons and to send them a sponsoring dossier by email/courier with most probably the necessity of meetings in terms of education about carbon offsetting.
- Who will perform this task: a carbon advisory company jointly with the account managers of the **Sochi 2014 Olympic Committee**  
→ Process: Steering Committee between the carbon advisory company and the account managers to be set up and to have clear management process with dedicated persons ready for contacting and meeting potential targets. Lead insured by the carbon advisory company.
- When to perform this task: after the sponsoring dossier and the effective selection of projects generating carbon credits are finalized.
- Expected interested organizations for entering into negotiations: 5  
→ Process: meet with those organizations to refine the discussion the carbon sponsoring agreement including all the financial aspects.
- Workload: 30 person days over a 4-month period

- **Large international firms being very present in Russia**

Those companies have usually gone through the realization (or at least the survey) of the carbon compensation process of their own activities at global level and at the same time are willing to show some strong signals to Russian stakeholders that they take care of environmental concerns in Russia where they are making business. This could be good for their brand image towards Russian stakeholders. Many US, European, Turkish, etc. companies are having a large volume of activity and profit in Russia and those may be identified and contacted in priority.

- Rough number organizations to contact: 20  
→ Process: select most important large international firms being present and being successful in Russia
- Whom to contact inside those organizations: Branch managers  
→ Process: telephone to identify the right persons and to send them a sponsoring dossier by email/courier with possibly the necessity of meetings in terms of education about carbon offsetting.
- Who will perform this task: a carbon advisory company jointly with the account managers of the **Sochi 2014 Olympic Committee**  
→ Process: Steering Committee between the carbon advisory company and the account managers to be set up and to have clear management process with dedicated persons ready for contacting and meeting potential targets. Lead insured by the carbon advisory company.
- When to perform this task: after the sponsoring dossier and the effective selection of projects generating carbon credits are finalized.
- Expected interested organizations for entering into negotiations: 4

→ Process: meet with those organizations to refine the discussion the carbon sponsoring agreement including all the financial aspects.

▪ Workload: 20 person days over a 4-month period

▪ **Large international firms with worldwide exposure and sensitive to sustainable development**

There is a series of large Corporations located mainly in Europe, in the US, Australia, but also for some in Latin America and in North Asia which are real doers and promoters of carbon compensation and have achieved it for their own carbon footprint. To compensate one lot of the Sochi 2014 Olympics could be in line with their current carbon offset strategy and it could really make sense to them to display their long term carbon policy worldwide through such a sponsoring scheme in a worldwide very visible event. Those companies would need to be identified as well.

▪ Rough number organizations to contact: 60

→ Process: select most important large Corporations worldwide members of the Carbon Disclosure Project and/or known to be very active about carbon compensation (Wall Mart, HSBC, Dell, Google, Michelin, Land Rover, etc.)

▪ Whom to contact inside those organizations: CSR managers

→ Process: telephone to identify the right persons and to send them a sponsoring dossier by email/courier.

▪ Who will perform this task: a carbon advisory company jointly with a fund raising/communication agency and a few dedicated international well reputed environmental consultants willing to help on contacting sponsors with the view to place to them the carbon footprint lots,

→ Process: Steering Committee between the carbon advisory company and the fund raising agency to be set up and to have clear management process with dedicated persons ready for contacting and meeting potential targets. Lead insured by the carbon advisory company.

▪ When to perform this task: after the sponsoring dossier and the effective selection of projects generating carbon credits are finalized.

▪ Expected interested organizations for entering into negotiations: 15

→ Process: meet with those organizations to refine the discussion the carbon sponsoring agreement including all the financial aspects.

▪ Workload: 30 person days over a 4-month period

In this process of searching, contacting and contracting partners and sponsors, it is essential to prepare preliminarily both 1) **a well wrapped up sponsoring dossier** including valuable trades off for potential partners and sponsors and 2) a proper scheme for selecting and contracting of **a cost effective portfolio of robust projects generating high quality carbon credits.**

#### **4- A WELL WRAPPED UP SPONSORING DOSSIER**

The sponsoring dossier should be a written document with clear and precise contents. It ought to be creative, original and very rational at the same time and should contain four (4) main elements:

1. **A general presentation of the Olympic Games and of the organization bearing the project: *the Sochi 2014 Organizing Committee.***

- A brief history of Russia and its long tradition of generously hosting large events and a brief history of Sochi/ Krasnodar being a city/ region committed to sustainable development and experienced in organizing large events.
- A brief history on how the concept of organizing the Sochi 2014 Olympic Games came true.
- A summary of the **Sochi 2014 Organizing Committee** organization (its creation, its functions, its management, its values, its ambitious CSR policy, its commitment in its Bid Book for 100% climate neutral games).
- A description of who is supporting directly and indirectly the **Sochi 2014 Organizing Committee** (State of Russia, various Ministries, UNDP, IOC, etc.)
- Past achievements: What has done so far the **Sochi 2014 Organizing Committee** in terms of sustainable development? Description of its commitment towards climate neutral Games
- Post achievements: What will do the **Sochi 2014 Organizing Committee** from now and towards the Olympic Games event and also after the Olympic Games? What will happen to Sochi Games area after the Games?

→ It is needed to show that the **Sochi 2014 Organizing Committee** is a creative, interesting and reliable partner with a positive brand image that could be related positively with any firm willing to sponsor the carbon compensation of the event.

## 2. A description of the carbon offset programme in line with the green legacy for carbon neutral games.

- Background of the project: climate change uncertainties for future generations, the carbon footprint issue, the possible reductions of CO<sub>2</sub> and the incompressible reductions of CO<sub>2</sub>.
- Objectives of the project: to neutralize comprehensively the carbon footprint of the Sochi 2014
- Constraints of the project: difficulty to reduce all emissions (some are incompressible).
- Opportunities of the project: possibility offered to counterbalance those emissions through carbon compensations schemes allying environmental benefits as well as social ones for the developing countries.
- Expected results of the projects: climate neutral games through the financing of projects all over the world generating carbon credits and social benefits for local populations.

## 3. A sponsoring proposal to purchase wrapped up specific lots of carbon compensation

- Why the **Sochi 2014 Organizing Committee** solicits your firm? (it should include here a preliminary analysis of the general communication strategy of each targeted firm)
- What are the concrete qualitative and quantitative benefits the firm will get from green sponsoring (in terms of notoriety, brand image, direct opportunities of sales, public relations, etc.)? In terms of quantitative advantages a detailed list will have to be provided here (number of VIP tickets, clear programme of business events, etc.)
- What is asking the **Sochi 2014 Organizing Committee** from your firm in terms of sponsorship? How much money and for which concrete action (quoting the various carbon compensation lots) and with which specific milestones? For instance, it is important here to clearly explain the safeguards for reliable carbon compensation (standards, registries, past vintages). The **Sochi 2014 Organizing Committee** should also clearly indicate that after the irrevocable retirement of the carbon credits, the certificates (serial numbers) of those carbon credits will be immediately transferred to the sponsoring firms for their own records. As mentioned before, it is also important here to underline that the **Sochi 2014 Organizing Committee** is monitoring a dedicated communication policy about the carbon compensation scheme towards stakeholders
- What will be offered to sponsors/partners should be well wrapped up in marketing attractive packages very well defined in terms of quantitative and qualitative benefits. **If comprehensive, the global carbon footprint could be broken down by geographic site or, even better by sports/venues, and proposed into carbon compensation attractive lots accordingly.** The break down of the global carbon footprint by sports/venues could be a bit arbitrary but valid it is long as it is reconciled to the total figure. Among others (and to be decided by the **Sochi 2014 Organizing Committee**) could be offered for any carbon compensation sponsor/partner:
  - A certain number of VIP seats to attend the Games

- A certain number of invitations during the Games to meet with Russian officials (SOOC, Ministry of Natural Resources, Russian NGOs, Russian civil society, Sports athletes, etc.) during a specific “green” gala dinner.
- The organisation of a round table between all green carbon compensation sponsors and Russian authorities during the Sochi 2014 Games so that all of those could meet and exchange views.
- The mentioning of the firm’s contribution in the Sochi Committee website and/or Russian Ministries’ websites and in some official press releases before, during and after the Games.
- The utilization of a derived Sochi 2014 logo, for instance a specific “green Sochi 2014” logo to be created?

*Remarks: The listing of what could be offered to potential carbon compensation sponsors should be discussed within the **Sochi 2014 Organizing Committee** and be in line with its general sponsor policy. Either **Sochi 2014 Organizing Committee** directly and/or through a specialized communication company should monitor the external communication of the carbon compensation programme towards stakeholders, NGOs and civil society in particular. Communication about environment and carbon compensation in particular is a complex process in order to avoid criticism from aggressive NGOs for which carbon compensation is perceived sometimes as “greenwashing” (the easy payment of a right to pollute instead of making additional CO2 reduction efforts...). The emphasis that the **Sochi 2014 Organizing Committee** is very much involved in the monitoring of the communication on the carbon compensation programme should be presented to all potential sponsors or partners as an additional benefit of the sponsoring. Those sponsors/partners may be allowed by the **Sochi 2014 Organizing Committee** to use some of the communication materials as well. It is important to agree on the following communication principles to be prepared for any potential criticism underlying that: voluntary carbon offsetting is not a complex and opaque financial mechanism; offsetting projects are guaranteed by standards and registries that ensure no double counting is taking place and that state of the art sustainability practices are implemented; voluntary carbon offsetting is implemented only as complementary to the strong environmental commitments already undertaken by the **Sochi 2014 Organizing Committee** and therefore concerns only those CO2 emissions that cannot be reduced otherwise. It is precisely the opposite of “greenwashing”. The communication about carbon offsetting by the **Sochi 2014 Organizing Committee** should be set up having in mind: the various audiences to target (NGOs, Associations, think tanks, International Donors, general public, etc.), the attached communication vehicles and campaign approach by type of audience (field visit of the projects, conference, brochures, flyers, downloadable information, mobile apps, etc.), the right timing for the various actions before the Games, during the Games and after the Games.*

#### **4. A quantitative budget estimation and a few annexes**

- The **Sochi 2014 Organizing Committee** must precise all the possible carbon compensation lots and different qualitative and quantitative packages that will be offered to firms.
- For each lot, **Sochi 2014 Organizing Committee** must precise the requested financing and time schedule of release of the funds.
- For each lot, **Sochi 2014 Organizing Committee** must provide a clear and precise listing of the quantitative and qualitative advantages granted to the sponsor and time schedule of release of those advantages.

It is important to join statistics in terms of visibility such as:

- The expected number of physical spectators who will attend the Games
- The expected number of TV spectators who will watch the Games
- The media coverage: how many TV channels, press journalists will be present in Sochi?
- The number of Russian official bodies directly or indirectly associated to the event
- The expected number of fans and followers for a specific “green Sochi 2014” Facebook page and Twitter account
- The internet traffic report for the ‘Sochi 2014’ website and the expected internet traffic for a specific “green Sochi 2014” webpage or even separate website.

- Who will perform this task: a carbon advisory company jointly with the account managers of the **Sochi 2014 Olympic Committee**
- Process: Steering Committee between the carbon advisory company and the account managers to be set up and to have clear management process with dedicated persons ready for preparing the sponsoring dossier. Lead insured by the carbon advisory company.
- When to perform this task: To wait first for a rough calculation and the final scope of the carbon footprint of the Sochi 2014 Olympic Games. To wait also for a strategic break down the total amount of the carbon footprint into tangible lots: for instance it could be broken down by geographical site or even much preferably by **venues/ sports in competition**. One specific lot could concern for instance the Paralympics Games. In final, we could obtain then a clear number of precise lots seeking for sponsorship. To wait also for the selection of cost effective portfolios of robust projects generating high quality carbon credits.
- Workload: 30 person days over a 4-month period

In summary, a good sponsoring dossier in the frame of the Sochi 2014 Winter Olympics should demonstrate for the sponsoring Corporation or sponsoring local Authority that i) it is a worldwide highly visible event, ii) the terms and conditions of the sponsorship agreement are drastically improving the sponsoring Corporation or sponsoring local Authority's brand image and iii) it will greatly help at developing its business or influence in Russia and at the same allow the strengthening and the swift communication of positive values towards both its internal stakeholders (employees, managers) and external ones (clients, providers, creditors, NGOs, civil society, populations).

#### **5- SELECTION AND CONTRACTING OF A COST EFFECTIVE PORTFOLIO OF ROBUST PROJECTS GENERATING HIGH QUALITY CARBON CREDITS**

- For each of the carbon offsetting lot to compensate, it might be interesting to mix up a series of two or three projects so as to have cost effective and consistent lots between each other and still associate each lot to a certain combination of carbon credits (say 2 to 3 carbon projects for each lot).

*(illustrative example: the lot "ice skating" accounting for say 200,000 T<sub>e</sub> CO<sub>2</sub> could be offered to a sponsor/partner against the purchase of 170,000 carbon credits from a specific Russia JI project and 30,000 carbon credits from a Biogas project in Cambodia).*

- Each lot will be therefore linked to a certain portfolio/combination of carbon credits, will have a certain price and will then be offered for sale to potential sponsors.
- The total number of projects generating carbon credits for all the lots must be limited to 10 in order to enhance the visibility of the carbon offsetting process and the carbon offsetting projects. It's important to have consistency and unity for all those projects.
- Each sponsor could then choose according its budget and its own strategy which lot is the most attractive for him.
- Often very charismatic projects are not only expensive but also limited in terms of yearly carbon credits issuance and that's why it is advisable to mix them up within portfolio with other projects generating more credits and often less expensive in terms of price per T CO<sub>2</sub>e.
- In addition, potential sponsors are often global companies and might be happy to show that their carbon compensation sponsorship has concerned several countries and several types of projects and not one country/one project only, so we recommend for such sponsors not to propose only JI projects but also VER projects from developing countries.

There will be a process the follow to constitute the portfolio after the **Sochi 2014 Organizing Committee** gets all the final results on the carbon footprint of the Sochi 2014 Olympic Games and has decided for its breakdown into specific lots (for instance broken down by sport/venue or by geographical site). The process will include:

- The preparation of a detailed list for acceptable criteria for carbon credits generated so as to accept or refuse carbon credits from such or such project. Several effective criteria are important/ essential when selecting projects generating carbon credits such as the standard → only recognized standards, the registry → purchase, sale, transfer, retirement of carbon credits only through a registry, the vintage → only past vintages (ex post credits verified and issued), the methodology → from a selection of available methodologies generating carbon credits (excluding for example large hydro projects, HFC projects which are often criticized by NGOs in terms of very poor social impacts), the geography (if the **Sochi 2014 Organizing Committee** agrees to extend the selection of projects outside the Russian Federation territory) → from the five continents representing the five rings of the Olympic logo, the cost (in Euros per carbon credit) → choose reasonable average portfolio price below 5 or 6 Euros per Ton.
- The sourcing then for most if not all projects generating carbon credits available at this moment and responding to the criteria. For this, the best way is to get in touch with projects developers or co developers in Russia but also worldwide.
- The request to project developers bearing the projects to propose a quotation for their projects valid for three months for placement of their carbon credits.
- To build (assemble) the optimal portfolio of projects for each of the proposed lot in terms of cost effectiveness, availability, diversity and charismatic aspects (storytelling).
- Every three month update of this process and ask again validity of offers from project developers for 3 months for their carbon credits.
- If and when a sponsor/partner has decided to purchase one lot of compensation and has signed a sponsorship contract with the **Sochi 2014 Organizing Committee**, then the following steps could be processed:
  - Effective purchase of the carbon credits to the projects developers whose carbon credits have been retained for the lot through the signature of a standard ERUPA agreement (Emission Reduction Unit Purchase Agreement) or VERPA agreement (Verified Emission Reduction Purchase Agreement).
  - Payment of the project developers against reception of the carbon credits in a registry account (Russian National Registry, Markit, APX or CDC Climat).
  - Irrevocable retirement of the credits concerned and sending of all the certificates (serial numbers) to both the **Sochi 2014 Organizing Committee** and the concerned sponsor/partner
- Availability: in particular some charismatic projects could have a very limited issuance of carbon credits and it is must be taken into account.
- Social impacts: in addition to the environmental impacts measured effectively by T CO<sub>2</sub>e, social aspects are highly desirable for each project. It is a reason why projects proposed to the voluntary market are sometimes more expensive than projects proposed to the compliance market which are often not social at all and only purely environmental. A carbon project of fuel switch from fossil fuels to hydropower could be 100% legitimate in terms of avoided Tons of CO<sub>2</sub> but highly questionable socially if it has led to the dismantling of villages to free space to build up the hydropower station....
- Presence of communication materials: all proposed projects should have fine tuned communication elements such as description fiche, high resolution pictures, video if possible and the possibility to visit the project on site so as to give a high transparency and visibility of the offered projects.
- Transparency, visibility, cost effectiveness are the key success factors for a successful implementation carbon offsetting programme.



- It will important to design a simple tool for the **Sochi 2014 Organizing Committee** to monitor the implementation of the programme and know at any time what is its status (how many lots have been sold, how many are in discussion, how many are to be still placed, etc.) **Sochi 2014 Organizing Committee** will have to be involved in the carbon management and reporting. It will also pave the way for further replication of sound carbon management of Russian cities hosting events in the future (World Cup 2018, Youth Games in Kazan, etc.).

<ul style="list-style-type: none"> <li>▪ <u>Who will perform this task:</u> a carbon advisory company and a panel of independent environmental advisers. It could be also advisable to engage NGOs, local authorities, and experts prior to the selection of carbon offsetting projects in order to have their support. → Process: Steering Committee between the carbon advisory company and the independent advisers to be set up and to have clear management process with dedicated persons ready for preparing selecting (due diligence) and contracting of the potential projects. Lead insured by the carbon advisory company.</li> <li>▪ <u>When to perform this task:</u> To wait first for a rough calculation and the final scope of the carbon footprint of the Sochi 2014 Olympic Games. To wait also for a strategic break down the total amount of the carbon footprint into tangible lots: for instance it could be broken down by geographical site or even much preferably by <b>venues/ sports in competition</b>. One specific lot could concern for instance the Paralympics Games. In final, we could obtain then a clear number of precise lots seeking for sponsorship and a specific portfolio of 2 or 3 carbon generating projects could be piggybacked to each and other lot.</li> <li>▪ <u>Workload:</u> 20 person days over a 4-month period</li> </ul>
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#### **Necessary working days to perform the tasks**

Task	working days carbon advisory firm	working days <b>Sochi 2014 Organizing Committee</b>	working days Total
Identification of partners	5	5	10
Identification of large Russian organizations	15	15	30
Identification of large international corporations being present in Russia	10	10	20
Identification of large international corporations strongly involved in sustainable development	25	5	30
Preparation of the sponsoring dossier	25	10	35
Preparation of portfolio of projects generating carbon credits	20	5	25
<b>Total</b>	<b>100</b>	<b>50</b>	<b>150</b>